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**HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED**

**華眾車載控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6830)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**FINANCIAL HIGHLIGHTS**

- Revenue was approximately RMB864,861,000 for the six months ended 30 June 2023, representing an increase of approximately 11.6% when compared to the six months ended 30 June 2022.
- Profit attributable to owners of the parent amounted to approximately RMB15,524,000 for the six months ended 30 June 2023, representing a decrease of approximately 43.1% when compared to the six months ended 30 June 2022.
- Gross profit margin was 25.6% for the six months ended 30 June 2023 (the six months ended 30 June 2022: 26.8%).
- Basic earnings per share attributable to the owners of the parent was approximately RMB0.88 cents for the six months ended 30 June 2023 (the six months ended 30 June 2022: approximately RMB1.54 cents).
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (the six months ended 30 June 2022: Nil).

## UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Huazhong In-Vehicle Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>For the six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	4	<b>864,861</b>	774,818
Cost of sales		<u><b>(643,829)</b></u>	<u>(567,050)</u>
<b>Gross profit</b>		<b>221,032</b>	207,768
Other income and gains	4	<b>14,912</b>	27,449
Selling and distribution expenses		<b>(55,552)</b>	(56,524)
Administrative expenses		<b>(143,908)</b>	(121,721)
Impairment losses on financial assets, net		<b>271</b>	472
Other expenses		<b>(1,006)</b>	(461)
Finance costs		<b>(12,280)</b>	(14,676)
Share of profits of joint ventures		<u><b>8,669</b></u>	<u>1,861</u>
<b>PROFIT BEFORE TAX</b>	5	<b>32,138</b>	44,168
Income tax	6	<u><b>(10,907)</b></u>	<u>(13,260)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>21,231</b></u>	<u>30,908</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS** *(Continued)*

*For the six months ended 30 June 2023*

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Attributable to:		
Owners of the parent	<b>15,524</b>	27,259
Non-controlling interests	<b>5,707</b>	3,649
	<b><u>21,231</u></b>	<b><u>30,908</u></b>
<b>EARNINGS PER SHARE</b>		
<b>ATTRIBUTABLE TO</b>		
<b>ORDINARY EQUITY</b>		
<b>HOLDERS OF THE PARENT</b>		
<b>(expressed in RMB per share)</b>	<b>8</b>	
Basic and diluted		
— For profit for the period	<b><u>RMB0.0088</u></b>	<b><u>RMB0.0154</u></b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>21,231</b>	<b>30,908</b>
Attributable to:		
Owners of the parent	<b>15,524</b>	<b>27,259</b>
Non-controlling interests	<b>5,707</b>	<b>3,649</b>
	<b><u>21,231</u></b>	<b><u>30,908</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	924,235	936,244
Investment properties		29,857	31,302
Right-of-use assets		221,433	207,882
Prepaid land lease payments		7,240	—
Intangible assets		6,080	5,489
Investments in joint ventures		114,947	106,278
Advance payments for property, plant and equipment		27,039	16,812
Equity investments designated at fair value through other comprehensive income		60,703	60,703
Deferred tax assets		22,392	21,719
Other non-current assets		1,725	—
		<u>1,415,651</u>	<u>1,386,429</u>
<b>CURRENT ASSETS</b>			
Inventories		443,773	418,152
Trade and notes receivables	10	652,995	706,686
Prepayments, other receivables and other assets		348,756	355,981
Amounts due from related parties		112,922	118,414
Pledged deposits		69,126	147,182
Cash and cash equivalents		154,305	114,845
		<u>1,781,877</u>	<u>1,861,260</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

*As at 30 June 2023*

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	<b>768,995</b>	832,747
Other payables and accruals		<b>260,853</b>	269,313
Interest-bearing bank and other borrowings		<b>494,665</b>	309,511
Amounts due to related parties		<b>17,752</b>	8,426
Amount due to the ultimate controlling shareholder		—	75
Tax payable		<b>40,156</b>	72,338
		<hr/>	<hr/>
Total current liabilities		<b>1,582,421</b>	1,492,410
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>199,456</b>	368,850
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS</b>			
<b>CURRENT LIABILITIES</b>		<b>1,615,107</b>	1,755,279
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>151,040</b>	297,047
Government grants		<b>18,249</b>	17,194
Deferred tax liabilities		<b>13,225</b>	11,081
		<hr/>	<hr/>
Total non-current liabilities		<b>182,514</b>	325,322
		<hr/>	<hr/>
<b>Net assets</b>		<b>1,432,593</b>	1,429,957
		<hr/> <hr/>	<hr/> <hr/>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

*As at 30 June 2023*

	<b>30 June</b> <b>2023</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2022 <i>RMB'000</i> <b>(Audited)</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	142,956	142,956
Reserves	<u>1,136,833</u>	<u>1,134,305</u>
	<u>1,279,789</u>	<u>1,277,261</u>
<b>Non-controlling interests</b>	<u>152,804</u>	<u>152,696</u>
<b>Total equity</b>	<u><u>1,432,593</u></u>	<u><u>1,429,957</u></u>

## 1. CORPORATE INFORMATION

Huazhong In-Vehicle Holdings Company Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 3 December 2010. The registered office address of the Company is Cricket Square, Hutchins Drive, PO BOX 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 January 2012 (the “**Listing Date**”).

The Company is an investment holding company. During the six months ended 30 June 2023, the Company and its subsidiaries (collectively referred to as the “**Group**”) were engaged in the manufacture and sale of automotive internal and external structural and decorative parts, moulds and tooling, casing and liquid tanks of air conditioning or heater units and other non-automotive products.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.



## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available); and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The quantitative impact on the financial information is immaterial.

- (d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that includes primarily the manufacture and sale of automotive internal and external decorative and structural parts, moulds and tooling, casing and liquid tanks of air conditioning or heater units and other non-automobile products. Management monitors the consolidated results of making decisions about resources allocation and the Group's performance. Accordingly, no segment analysis is presented.

#### Revenue from external customers

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Mainland China	830,242	744,873
Overseas	34,619	29,945
	<u>864,861</u>	<u>774,818</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

The following table presents non-current asset information for the Group as at 30 June 2023 and 31 December 2022 respectively, which is based on the locations of assets and excludes financial instruments and deferred tax assets.

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Mainland China	<u>1,332,556</u>	<u>1,304,007</u>

#### 4. REVENUE, OTHER INCOME AND GAINS

The disaggregation of the Group's revenue from contracts with customers, including sales of goods and rendering of services below, for the six months ended 30 June 2023 and 30 June 2022 is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from contracts with customers	<b>864,861</b>	<b>774,818</b>
Disaggregated revenue information for revenue from contracts with customers		
<i>Type of goods or service</i>		
Sales of plastic parts and automotive parts	<b>818,215</b>	720,855
Sales of moulds and tooling	<b>46,646</b>	53,963
Total revenue from contracts with customers	<b>864,861</b>	<b>774,818</b>
<i>Geographical markets</i>		
Mainland China	<b>830,242</b>	744,873
Overseas	<b>34,619</b>	29,945
Total revenue from contracts with customers	<b>864,861</b>	<b>774,818</b>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<b>864,861</b>	<b>774,818</b>

An analysis of other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Rental income	<b>2,573</b>	3,851
Government grants	<b>3,294</b>	4,274
Dividends received from equity investments designated at fair value through other comprehensive income	<b>905</b>	1,509
Management fee	<b>2,084</b>	1,776
Gain on disposal of items of property, plant and equipment	<b>155</b>	—
Gain on sales of scrap materials	<b>1,212</b>	651
Foreign exchange gain	<b>1,864</b>	1,314
Revaluation gain on previously held equity interest	—	785
Gain on bargain purchase	—	8,915
Interest income on bank deposits	<b>1,760</b>	2,568
Interest income on loans and receivables	<b>494</b>	—
Others	<b>571</b>	1,806
	<hr/>	<hr/>
Total	<b>14,912</b>	27,449
	<hr/> <hr/>	<hr/> <hr/>

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of inventories recognised	643,829	567,050
Depreciation of property, plant and equipment	51,487	63,267
Depreciation of right-of-use assets	7,526	6,205
Depreciation of investment properties	1,445	1,963
Amortisation of intangible assets	903	652
Lease payments under short-term leases	4,875	10,567
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries and other benefits	136,846	125,211
Rental income, net	(2,573)	(3,851)
Foreign exchange difference, net	(1,864)	(1,314)
Gain on bargain purchase	—	(8,915)
Impairment on financial assets, net	(271)	(472)
Revaluation gain on previously held equity interest	—	(785)
Write-down of inventories to net realisable value	997	666
(Gain)/loss on disposal of items of property, plant and equipment	(155)	5

## 6. INCOME TAX

Major components of the Group's income tax expense for the period are as follows:

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Current income tax		
— Charge for the period	9,435	7,300
Deferred income tax	<u>1,472</u>	<u>5,960</u>
Total tax charge for the period	<u><u>10,907</u></u>	<u><u>13,260</u></u>

## 7. DIVIDENDS

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Final declared — HK0.8389 cent per ordinary share (2022: HK0.5276 cent)	<u><u>12,996</u></u>	<u><u>7,601</u></u>

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the period is based on the consolidated net profit attributable to owners of the parent and the weighted average number of ordinary shares of 1,769,193,800 in issue during the six months ended 30 June 2023 (the six months ended 30 June 2022: 1,769,193,800).

The calculations of basic and diluted earnings per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation	<u><u>15,524</u></u>	<u><u>27,259</u></u>
	<b>For the six months ended 30 June</b>	
	<b>Number of shares</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u><u>1,769,193,800</u></u>	<u><u>1,769,193,800</u></u>

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with a total cost of RMB46,789,000 (the six months ended 30 June 2022: RMB44,043,000). No asset is transferred from investment properties to property, plant and equipment (30 June 2022: RMB14,777,000).

No asset is transferred from property, plant and equipment to investment properties (30 June 2022: RMB16,173,000). Assets with a net book value of RMB7,461,000 were disposed of by the Group during the six months ended 30 June 2023 (30 June 2022: RMB5,000), resulting in a net gain on disposal of RMB155,000 (30 June 2022: net loss on disposal RMB5,000).



## 10. TRADE AND NOTES RECEIVABLES

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2023 <i>RMB'000</i> (Unaudited)</b>	31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables	546,665	587,172
Notes receivables	<u>132,948</u>	<u>142,561</u>
	<b>679,613</b>	729,733
Impairment of trade receivables	<u>(26,618)</u>	<u>(23,047)</u>
	<b><u>652,995</u></b>	<b><u>706,686</u></b>
	<b>30 June 2023 <i>RMB'000</i> (Unaudited)</b>	31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables		
Within 3 months	462,897	520,623
3 to 6 months	21,758	17,746
6 months to 1 year	18,963	23,031
Over 1 year	<u>16,429</u>	<u>2,725</u>
	<b><u>520,047</u></b>	<b><u>564,125</u></b>

## 11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables of the Group as at 30 June 2023, based on the invoice date, is as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 3 months	655,797	626,147
3 to 12 months	99,251	193,790
1 to 2 years	3,747	4,674
2 to 3 years	7,674	8,136
Over 3 years	2,526	—
	<u>768,995</u>	<u>832,747</u>

Certain bills payable was secured by pledged deposits of the Group with a carrying value of RMB50,826,000 as at 30 June 2023 (31 December 2022: RMB91,182,000).

## 12. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2023.

## 13. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 29 August 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND MARKET REVIEW**

The Group is principally engaged in the manufacture and sale of automotive internal and external structural and decorative parts, moulds and tooling, casings and liquid tanks of air conditioners or heaters and other non-automotive products.

For the six months ended 30 June 2023, the Group's revenue was approximately RMB864,861,000, representing an increase of approximately 11.6% as compared to approximately RMB774,818,000 for the six months ended 30 June 2022. Profit attributable to the owners of the parent for the six months ended 30 June 2023 was approximately RMB15,524,000, representing a decrease of approximately 43.1% as compared to RMB27,259,000 for the six months ended 30 June 2022.

### **FINANCIAL REVIEW**

#### **Revenue**

The revenue of the Group was primarily derived from five categories of products:

- (i) automotive interior and exterior structural and decorative parts;
- (ii) moulds and tooling;
- (iii) casings and liquid tanks of air conditioners and heaters;
- (iv) non-automotive products; and
- (v) sale of raw materials.

	For the six months ended 30 June			
	2023		2022	
	Revenue (Unaudited) RMB'000	Gross profit margin %	Revenue (Unaudited) RMB'000	Gross profit margin %
Automotive interior and exterior structural and decorative parts	701,054	25.3	626,785	28.1
Moulds and tooling	46,646	22.3	53,963	14.9
Casings and liquid tanks of air conditioners and heaters	67,788	29.1	45,109	23.5
Non-automotive products	23,920	41.2	25,833	39.8
Sale of raw materials	25,453	15.7	23,128	12.5
Total	<u>864,861</u>	<u>25.6</u>	<u>774,818</u>	<u>26.8</u>

For the six months ended 30 June 2023, the revenue generated from automotive interior and exterior structural and decorative parts was approximately RMB701,054,000 (the six months ended 30 June 2022: approximately RMB626,785,000), accounting for approximately 81.1% of the Group's total revenue for the six months ended 30 June 2023 (the six months ended 30 June 2022: approximately 80.9%). Gross profit margin decrease from approximately 28.1% for the six months ended 30 June 2022 to approximately 25.3% for the six months ended 30 June 2023. The increase in revenue was mainly due to the consolidation of Ningbo Hualete financial statements.

For the six months ended 30 June 2023, revenue from moulds and tooling was approximately RMB46,646,000 (the six months ended 30 June 2022: approximately RMB53,963,000), accounting for approximately 5.4% of the Group's total revenue for the six months ended 30 June 2023 (the six months ended 30 June 2022: approximately 7.0%). Gross profit margin increase from approximately 14.9% for the six months ended 30 June 2022 to approximately 22.3% for the six months ended 30 June 2023.

For the six months ended 30 June 2023, revenue from casings and liquid tanks of air conditioners and heaters was approximately RMB67,788,000 (the six months ended 30 June 2022: approximately RMB45,109,000), accounting for approximately 7.8% of the Group's total revenue for the six months ended 30 June 2023 (the six months ended 30 June 2022: approximately 5.8%). Gross profit margin increased from approximately 23.5% for the six months ended 30 June 2022 to approximately 29.1% for the six months ended 30 June 2023.

For the six months ended 30 June 2023, revenue from non-automotive products was approximately RMB23,920,000 (the six months ended 30 June 2022: approximately RMB25,833,000), accounting for approximately 2.8% of the Group's total revenue for the six months ended 30 June 2023 (the six months ended 30 June 2022: approximately 3.3%). Gross profit margin increased from approximately 39.8% for the six months ended 30 June 2022 to approximately 41.2% for the six months ended 30 June 2023.

For the six months ended 30 June 2023, revenue from sale of raw materials was approximately RMB25,453,000 (the six months ended 30 June 2022: approximately RMB23,128,000), accounting for approximately 2.9% of the Group's total revenue for the six months ended 30 June 2023 (the six months ended 30 June 2022: approximately 3.0%). The gross profit margin increased from approximately 12.5% for the six months ended 30 June 2022 to approximately 15.7% for the six months ended 30 June 2023.

For the six months ended 30 June 2023, the overall gross profit margin decreased slightly to approximately 25.6% (the six months ended 30 June 2022: approximately 26.8%).

### **Other Income and Gains**

Other income and gains of the Group for the six months ended 30 June 2023 amounted to approximately RMB14,912,000 (the six months ended 30 June 2022: approximately RMB27,449,000), representing a decrease of approximately 45.7% as compared to the six months ended 30 June 2022.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses for the six months ended 30 June 2023 amounted to approximately RMB55,552,000, representing a decrease of approximately 1.7% as compared to approximately RMB56,524,000 in the six months ended 30 June 2022.

## **Administrative Expenses**

The Group's administrative expenses for the six months ended 30 June 2023 amounted to approximately RMB143,908,000, representing an increase of approximately 18.2% as compared to approximately RMB121,721,000 in the six months ended 30 June 2022. This was mainly attributable to increase of research and development expense during the period.

## **Share of Profits of Joint Ventures**

During the six months ended 30 June 2023, the Group recorded approximately RMB8,669,000 of the share of profits of joint ventures, while a share of profits of joint ventures of approximately RMB1,861,000 was recorded for the six months ended 30 June 2022.

## **Finance Costs**

The Group's finance costs decrease from approximately RMB14,676,000 for the six months ended 30 June 2022 to approximately RMB12,280,000 for the six months ended 30 June 2023, representing a decrease of approximately 16.3%. The decrease in finance costs was mainly due to the decrease of interest-bearing bank borrowings during the six months ended 30 June 2023.

## **Taxes**

The Group's tax expenses decrease by approximately 17.7% from approximately RMB13,260,000 for the six months ended 30 June 2022 to approximately RMB10,907,000 for the six months ended 30 June 2023. The decrease was mainly due to the decrease of deferred income tax expense in the six months ended 30 June 2023 as compared to the six months ended 30 June 2022.

## **Liquidity and Financial Resources**

For the six months ended 30 June 2023, the net cash flows from operating activities amounted to approximately RMB34,328,000 (the six months ended 30 June 2022: net cash flows from operating activities approximately RMB230,166,000).

The net cash used in investing activities amounted to approximately RMB37,296,000 (the six months ended 30 June 2022: net cash used in investing activities of approximately RMB7,935,000) and the net cash flows from financing activities amounted to approximately RMB41,831,000 (the six months ended 30 June 2022: net cash used in financing activities of approximately RMB106,073,000). The cash used in investing activities was mainly attributable to the payment for purchase of property, plant and machinery. The net cash flows in financing activities was mainly attributable to increase of new bank loans and decrease in pledged deposits.

As a result of the cumulative effect described above, the Group recorded a net cash inflow of approximately RMB38,863,000 for the six months ended 30 June 2023 (the six months ended 30 June 2022: net cash inflow of approximately RMB116,158,000).

As at 30 June 2023, the Group's cash and cash equivalents (including cash and bank deposits) amounted to approximately RMB154,305,000 (31 December 2022: approximately RMB114,845,000).

As at 30 June 2023, the Group's interest-bearing bank borrowings were approximately RMB617,882,000 (31 December 2022: approximately RMB594,891,000), among of which, approximately RMB487,081,000 would be due within one year (31 December 2022: approximately RMB304,992,000). The borrowings of the Group were subject to interests payable at rates ranging from 2.06% to 4.05% per annum except of lease liabilities. The Board of the Company expects that the bank borrowings will either be repaid by internally generated funds or rolled over upon maturity and will continue to provide funding to the Group's operations.

### **Capital Commitments**

As at 30 June 2023, the Group had capital commitments amounting to approximately RMB39,427,000 (31 December 2022: approximately RMB16,569,000) for the acquisition of property, plant and equipment.

### **Foreign Exchange Exposure**

The sales and purchases of the Group are mainly denominated in Renminbi (“RMB”). The cash and cash equivalents of the Group are mainly denominated in RMB and Hong Kong dollars. The borrowings are denominated in RMB. Since the Group's exposure to fluctuations in foreign exchange rates was immaterial, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging against any foreign exchange risk if such becomes significant to the Group.

### **Capital Structure**

The total number of issued and fully paid ordinary shares of the Company as at 30 June 2023 was 1,769,193,800.

### **Contingent Liabilities**

As at 30 June 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).



## Pledge of Assets

As at 30 June 2023, the Group's assets of approximately RMB75,105,000 (31 December 2022: approximately RMB118,680,000) were pledged to secure some of the Group's interest-bearing bank and other borrowings. The book values of the pledged assets are set out below:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Property, plant and equipment	<b>23,708</b>	25,213
Right-of-use assets — Prepaid land lease payments	<b>33,097</b>	37,467
Pledged deposits	<b>18,300</b>	56,000
Total	<b><u>75,105</u></b>	<b><u>118,680</u></b>

## Gearing Ratio

As at 30 June 2023, the Group's gearing ratio was approximately 54.6% (31 December 2022: approximately 55.5%). The gearing ratio is derived by dividing net liabilities (including interest-bearing and other bank borrowings, trade and notes payables, other payables and accruals, and payables to related parties and the ultimate controlling shareholder less cash and cash equivalents) by total capital (including equity attributable to owners of the parent company) plus net liabilities at the end of the period under review.

## **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets**

Save as disclosed herein, during the six months ended 30 June 2023, the Group did not have any significant investments or material acquisition or disposal of subsidiaries, associates and joint ventures. There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

## **Employees and Remuneration Policies**

As at 30 June 2023, the Group had 2,949 employees (30 June 2022: 2,991). Total staff costs of the Group (excluding Directors' and chief executive's remuneration) for six months ended 30 June 2023 was approximately RMB136,846,000 (the six months ended 30 June 2022: approximately RMB125,211,000). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. Share options would be granted to certain eligible persons with outstanding performance and contributions to the Group.

## **Events After the Reporting Period**

There is no material subsequent event undertaken by the Group after 30 June 2023 and up to the date of this announcement.

## **PROSPECT**

From January to June in 2023, the manufacturing and sales volumes in China reached 13.248 million and 13.239 million, respectively, with a year-on-year increase of 9.3% and 9.8%, among of which, the manufacturing and sales volumes of new energy automobiles reached 3.788 million and 3.747 million, respectively, with a year-on-year increase of 42.4% and 44.1%, accounted for 28.3% of the market share. China Association of Automobile Manufacturers expects that the total sales volume of new energy vehicles in China will reach 9 million in 2023, representing a growth of about 35% as compared with last year, while the penetration rate of new energy automotives will also reach approximately 35%.

The Group will actively facilitate its work regarding the deployment of aspects including customers, products and manufacturing to promote overall development. Firstly, we will continue to strive for expanding our cooperation with traditional automotive brands. As we pursue top quality craftsmanship and innovative manufacturing constantly, we will also endeavor to extend the scope of cooperation from traditional automotives to new energy automotives and aim to develop new lightweight products made of new and high-performance plastics together, in substitution for metal automotive parts. Secondly, we will continue to improve our deployment in the new energy market and strengthen our connection with new energy automotive brands. We have successful exploration in the new energy market and has worked with industry leaders in the past. We will fight for more orders and customers on that basis and seek to expand scale of economic effect. Lastly, we will strengthen our manufacturing deployment comprehensively. We plan to set up new manufacturing facilities in Mexico in order to achieve global business development and compete for orders from overseas manufacturers.

During the coming year, Huazhong In-Vehicle will focus on the improvement of its product mix, to better meet the demand of its automotive brand customers and enhance the cooperation with its customers. We will continue to increase the utilisation rate of our production capacity to maximise the efficiency of mass production; meanwhile, we will strengthen our management on business expenses and take revenue generating and cost control measure, striving for remarkable results of profits during the recovery of the industry.

### **Forward Looking Statements**

This management discussion and analysis contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers including shareholders and investors should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward looking statement.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted the code provisions prescribed in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as the code of the Company.

The Board is of the view that the Company has complied with all applicable code provisions set out in the CG Code throughout the six months ended 30 June 2023, except for the following deviations.

### **Code Provision C.2.1**

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. With the support of the company secretary of the Company, the chairman of the Board (the “**Chairman**”) seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

Since Mr. Zhou Minfeng now serves as both the Chairman and the chief executive the Company (the “**Chief Executive**”), such practice deviates from code provision C.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the Chief Executive in the same person can facilitate the effective execution of the Group’s business strategies and operation. Furthermore, there are various experienced individuals in charge of the daily business operation and the Board comprises two executive Directors, four non-executive Directors and four independent non-executive Directors, with a balance of skill and experience appropriate for the Group’s further development. The Board will review such deviation from time to time to enhance the best interest of the Group as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as the code of conduct governing dealings by all the Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the six months ended 30 June 2023, they were in compliance with the required provisions set out in the Model Code.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

## **INTERIM DIVIDENDS**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (the six months ended 30 June 2022: Nil).

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) consists of three members, namely Mr. Wong Luen Cheung Andrew (chairman), Mr. Wang Dongchen and Mr. Xu Jiali, all of them were the independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group.

Disclosure of financial information in this announcement complies with Appendix 16 of the Listing Rules. The Audit Committee has provided supervision over the Group's financial reporting process. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the auditing and financial reporting matters, including the review of the interim results of the Group for the six months ended 30 June 2023. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2023 and is of the view that the announcement of interim results for the six months ended 30 June 2023 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **APPRECIATION**

The chairman of the Board would like to take this opportunity to thank his fellow Directors for their invaluable advices and guidance, and to each and everyone of the staff of the Group for their hard work and loyalty to the Group.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.cn-huazhong.com>). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Huazhong In-Vehicle Holdings Company Limited**  
**Zhou Minfeng**  
*Chairman and Chief Executive*

Hong Kong, 29 August 2023

*As at the date of this announcement, the executive Directors are Mr. Zhou Minfeng and Mr. Wu Bichao; the non-executive Directors are Ms. Lai Cairong, Mr. Wang Yuming, Mr. Guan Xin and Mr. Yu Zhuoping; and the independent non-executive Directors are Mr. Wong Luen Cheung Andrew, Mr. Wang Dongchen and Mr. Xu Jiali.*